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In Brief a Letter of Assurance

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Length - 3:27

Transcribed by Andrea Filar - CSR-8349

Page 1

"Route Consultant is not endorsed by and is not recommended by Federal Express Corporation and FedEx Ground. Route Consultant is not sponsored by, is not approved by, is not associated with, and has no connection whatsoever with Federal Express Corporation or FedEx Ground."

MR. PATTON: The contractor network, specifically the FedEx Ground network, is in far more peril than what anyone realizes. If Wall Street analysts, if FedEx corporate, and FedEx Ground understood the degree to which the network is in danger, there would be widespread panic.

As the largest contractor in the United States, I have no history of crying wolf. Hear me when I tell you that there is not a day that goes by that I do not hear from my fellow contractors that are seeking a financial path out of certain bankruptcy.

The contractors need help. We have served as essential workers and have overcome unprecedented challenges to arrive in this moment. And now, in our moment of need, we need FedEx Ground to respond to us.

Contractors in general are suffering to a

1 degree that is largely unseen by the general public, and  
2 to some degree FedEx Ground themselves. Our fuel costs  
3 have doubled in less than a year. Our wage costs have  
4 soared dramatically, as documented in our paperwork, as  
5 well as widely published in the media. And our truck  
6 costs and the lack of availability in trucks, have  
7 dramatically spiked our cost in this important cost  
8 segment for us. All of these elements mandate that we  
9 receive financial compensation from FedEx Ground to  
10 adjust contracts that were just not engineered for the  
11 world in which we are living.

12 The timeline for our negotiations here  
13 will extend through November 25th of 2022. The reality  
14 is, contractors are running out of the financial  
15 resources to be able to continue to operate this network.  
16 Contractors do not boast the same 60 billion dollar  
17 balance sheet that FedEx Ground has. We know from FedEx  
18 Ground's recent earnings release that we've seen FedEx  
19 Ground's margins increase by about 30 percent in the last  
20 quarter, at the same time that Ground contractors saw  
21 their margins plumb to new lows.

22 This FedEx model has always been  
23 engineered to be a win/win dynamic, and it's natural that  
24 sometimes the pendulum is going to swing from one side to  
25 the other for who has the upper hand. But hear me when I

1 tell you that pendulum is at an extreme that cannot  
2 sustain. Contractors need to see FedEx Ground meet us  
3 here with financial relief given the environment that we  
4 are in.

1 CERTIFICATE

2 STATE OF MICHIGAN

3 COUNTY OF MACOMB

4  
5 I, Andrea Filar, C.S.R. and Notary Public  
6 in and for the County of Macomb, State of Michigan, do  
7 hereby certify that the attached is a true, correct, and  
8 complete transcript of my stenographic notes taken at the  
9 time and place hereinbefore stated and they were  
10 transcribed upon a computer under my direct supervision.  
11 The undersigned assumes no responsibility for copies not  
12 made under my direction or control. September 19, 2022  
13  
14

15   
16

Andrea Filar, CSR - 8349

17 Notary Public, Macomb County

My Commission Expires: 10-01-2028  
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<b>1</b>	<b>c</b>	<b>direct</b> 5:10	<b>ground</b> 2:5,8,10
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